

Stand No. 11790 SUB-J, Procurement House, Off Alick Nkhata Road, Longacres,  
P.O. Box 31009, Lusaka - Zambia

**OFFICE OF THE DIRECTOR GENERAL**

*Our Ref:*

## **CIRCULAR NO. 23 OF 2025**

**ZPPA/64/9/2**

11<sup>th</sup> July, 2025

To: All Controlling Officers and Permanent Secretaries  
All Chief Executives of Parastatal and Statutory Bodies  
All Town Clerks and Council Secretaries of Local Authorities

RE: **ISSUANCE OF THE PUBLIC PROCUREMENT (PREFERENCE AND RESERVATION SCHEMES) REGULATIONS (STATUTORY INSTRUMENT NO. 45 OF 2025)**

The Authority wishes to advise that the Public Procurement (Preference and Reservation Schemes) Regulations 2025 were signed by the Honourable Minister of Finance and National Planning, Dr Situmbeko Musokotwane, MP on 25<sup>th</sup> June 2025.

Pursuant to section 111 (1) of the Public Procurement Act No. 8 of 2020, the Authority hereby provides the following guidance on the Public Procurement (Preference and Reservation Schemes) Regulations, 2025:

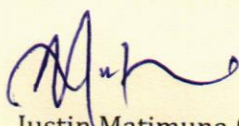
1. These Regulations shall apply to a procurement by a procuring entity when soliciting a bid from a target group. Further the circular also applies to procurements conducted under Open National Bidding where Participation in Open National Bidding shall be limited to citizen and local bidders, except that citizen bidders shall be given priority in the evaluation of bids as prescribed in accordance with section 39 (2) of the Public Procurement Act as amended by the Public Procurement (Amendment) Act No. 17 of 2023. In addition, this circular applies to procurements conducted under Open National Selection Participation in Open National Selection shall be limited to citizen and local bidders, except that citizen bidders shall be given priority in the evaluation of proposals as prescribed in accordance with section 41 (3) of the Public Procurement Act as amended by the Public Procurement (Amendment) Act No. 17 of 2023.
2. A procuring entity shall, in evaluating a bid, adjust the bid price in line with the prescribed margins of preference to facilitate preferential evaluation by discounting the bid sum/amount, of a bid as provided in Regulation 4 and 5 of

the Public Procurement (Preference and Reservation Schemes) Regulations, 2025.

3. A procuring entity will be required to submit quarterly reports to the Authority on procurements where preference or reservation scheme were applied. The reports should be submitted before the 15<sup>th</sup> day of the month following the reporting quarter.

Procuring entities are hereby encouraged to engage the Authority for guidance on any matter covered under this circular.

All addresses are urged to ensure that the contents of this Circular are brought to the attention of all staff under their supervision.



Justin Matimuna (Mr)

**ACTING DIRECTOR GENERAL**

cc: The Secretary to the Cabinet  
Cabinet Office

**LUSAKA**

The Auditor General  
Office of the Auditor General

**LUSAKA**

The Secretary to the Treasury  
Ministry of Finance and National Planning

**LUSAKA**

**ZPPPA**  
ZAMBIA PUBLIC PROCUREMENT AUTHORITY

GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 45 OF 2025

**The Public Procurement Act, 2020**  
(Act No. 8 of 2020)

**The Public Procurement (Preference and Reservation  
Schemes) Regulations, 2025**

IN EXERCISE of the powers contained in section 91 of the Public Procurement Act, 2020, the following Regulations are made:

1. These Regulations may be cited as the Public Procurement (Preference and Reservation Schemes) Regulations, 2025. Title
2. In these Regulations, unless the context otherwise requires— Interpretation
  - “citizen bidder or citizen supplier” has the meaning assigned to the words in the Act;
  - “constituency” has the meaning assigned to the word in the Constitution; Cap. 1
  - “Constituency Development Fund” means the Constituency Development Fund established under of the Constitution; Cap. 1
  - “local bidder or supplier” has the meaning assigned to the words in the Act;
  - “local content” has the meaning assigned to the words in the Act;

- “local manufacturer” means a person who performs, within the Republic, an act of transforming, through chemical, biological or physical processes and adding value, on a commercial scale, from raw materials into a finished or semi-finished product, and includes the assembly of an input into a finished or semi-finished product;
- Act No. 6 of 2012 “person with disability” has the meaning assigned to the words in the Persons with Disabilities Act, 2012;
- “preference scheme” means an arrangement where advantage is given to a citizen bidder or local bidder when procuring works, goods and services in a public procurement process;
- “procuring entity” has the meaning assigned to the words in the Act;
- “reservation” means exclusive preference to procure goods, works and services set aside for a specified bidder;
- “target group” means a group referred to under regulation 3; and
- Cap. 1 “youth” has the meaning assigned to the word in the Constitution.
- Application 3. (1) These Regulations shall apply to a procurement by a procuring entity when soliciting a bid from the following target groups:
- Cap. 323 (a) a citizen supplier;
- (b) a local supplier;
- (c) a business whose annual turnover does not exceed the upper limit of the annual turnover tax threshold specified under the Income Tax Act;
- (d) an enterprise owned by a woman, youth or a person with disability;
- Cap. 323 (e) an enterprise subject to turnover tax under the Income Tax Act;
- (f) a citizen supplier in a particular industry or economic sector;
- (g) goods, works or services manufactured in, or provided from, the Republic or a particular region in the Republic or performed by a citizen or a person from a particular region in the Republic;

(h) a citizen supplier in a joint venture or subcontracting arrangement with a local supplier; or

(i) any other group designated by Government policy.

(2) A target group referred to under subregulation (1) shall provide documentation to establish the target group's—

(a) national identification;

(b) ownership;

(c) where applicable—

(i) premises and production facilities;

(ii) source of raw material or component; and

(iii) extent of subcontracting or association with a citizen supplier in accordance with regulation 20 of the Public Procurement Regulations, 2022; and

S.I. No. 30  
of 2022

(d) any other relevant factor.

(3) A target group referred to under subregulation (1) shall be a legal entity registered with a relevant Government body in order to benefit from a preference and reservation scheme.

4. (1) A procuring entity shall, in evaluating a bid, adjust the bid price in order to facilitate preferential evaluation of a bid as follows:

Margins of  
preference

(a) for a local supplier, at five percent;

(b) for a citizen supplier, at seven percent;

(c) for a citizen enterprise owned by a—

(i) woman, at nine percent;

(ii) youth, at nine percent; or

(iii) person with disability, at ten percent;

(d) for a business whose annual turnover does not exceed the upper limit of the annual turnover tax threshold specified under the Income Tax Act owned by a citizen, at eight percent; and

Cap. 323

(e) for a citizen supplier and local supplier in a joint venture or a subcontracting agreement, at six percent.

(2) Despite subparagraph 4(1)(a) and (e), preferential treatment shall only apply to a local bidder where a foreign bidder is permitted to participate in the bidding process.

- (3) A margin with the highest advantage to the bidder shall be applied where a target group is eligible for more than one margin of preference.
- Margin of preference for local content
5. (1) A procuring entity shall apply preferential treatment for products that are produced within the Republic.
- (2) A procuring entity shall, in accordance with subregulation (1), apply a margin of preference of—
- (a) fifteen percent where the product is produced within the Republic by a citizen bidder and contains at least thirty five percent local content;
- (b) twelve percent where a product is produced within the Republic by a citizen bidder and local bidder in a joint venture or subcontracting agreement and contains at least thirty five percent local content; and
- (c) ten percent where the product is produced within the Republic by a local bidder and contains at least thirty-five percent local content.
- (3) A procuring entity shall include a requirement in the solicitation document for a local manufacturer or local producer to submit a detailed declaration relating to that local manufacturer or producer's local content adherence as evidence of eligibility for preferential treatment under subregulation (2) in the Form set out in the Schedule.
- Calculation of local content
6. (1) The local content referred to under regulation 5 shall be calculated as follows:
- $$\text{Local content} = \frac{\text{Total value of Produce} - \text{Imported Content}}{\text{Total Value of Produce}} \times 100$$
- (2) In this regulation—
- “total value of produce” means the net value of a product at its final stage, including the cost of both local and imported content but excludes net domestic taxes and duties; and
- “imported content” means the materials originating and imported from outside the Republic, or the materials the origin of which is unknown.
- Target sectors for manufacturers or producers
7. (1) A procuring entity shall apply a margin of preference specified under regulation 5 in the procurement of the following manufactured products:
- (a) a textile product;
- (b) furniture;

- (c) an assistive device for a person with disability;
- (d) fertilizer;
- (e) a pharmaceutical product;
- (f) copper and other mineral products;
- (g) a nutritional supplement;
- (h) information and communication technology equipment;
- (i) footwear;
- (j) construction products, including metal fabrication;
- (k) a cleaning product; and
- (l) agricultural farming equipment.

(2) Subregulation (1) shall not apply if—

- (a) the goods and services cannot be produced locally;
- (b) the technical specification of a locally produced good and service does not meet the regulatory requirements; or
- (c) local manufacturers cannot meet the demand for the goods and services that a procuring entity requires.

8. (1) A procuring entity shall reserve a procurement funded under the Constituency Development Fund for a citizen bidder domiciled within a constituency.

Reservation  
for  
Constituency  
Development  
Fund  
procurements

(2) Despite subregulation (1), goods, works or services may be procured from a citizen bidder domiciled outside a constituency where the procurement requirements for a procuring entity cannot be satisfied by a citizen bidder domiciled within a constituency.

9. A procuring entity may, in a procurement under these Regulations, package tenders into different lots in accordance with the Public Procurement Regulations, 2022.

Packaging  
tenders

S.I. No. 30  
of 2022

10. A procurement of goods, works and services under these Regulations shall be conducted on competitive basis among the qualified target groups.

Procurement  
to be  
competitive

11. The Authority shall monitor and evaluate an application of a preference and reservation scheme under these Regulations by a procuring entity.

Monitoring  
and  
evaluation

12. (1) The Authority shall maintain a register of procurements where a preference and reservation scheme under these Regulations is applied by a procuring entity.

Register of  
preference  
and  
schemes

(2) The register referred to under subregulation (1) shall be published on the Authority's website.

Register of  
tenders

13. The Authority shall maintain a register of tenders allocated to target groups under a preference and reservation scheme and publish it on the Authority's website.

Integration  
of  
preference  
and  
reservation  
schemes in  
procurement  
plan

14. A procuring entity shall identify a procurement that is subject to a preference and reservation scheme and include that procurement in a procurement plan in accordance with section 57 of the Act.

Procurement  
award

15. A procuring entity shall report, on a quarterly basis, to the Authority a procurement award made by that procuring entity to which a preference or reservation scheme is applied.

SCHEDULE  
(Regulation 5(3))

**The Public Procurement Act, 2020**  
(Act No. 8 of 2020)

**The Public Procurement (Preference and Reservation Schemes)  
Regulation, 2024**

**LOCAL CONTENT FORM**

We \_\_\_\_\_ (Name of Manufacturer) located at \_\_\_\_\_ do solemnly affirm (swear) that we meet the mandatory minimum local content requirement for claiming preference linked with local content under tender No. \_\_\_\_\_ with a declared local content of \_\_\_\_\_ percentage. The local content for all inputs which constitute the product has been verified by the company and we are responsible for the accuracy of the claims made herein. We further declare that the information provided herein is correct to the best of our knowledge and belief. We pledge to produce relevant records before the procuring entity or any other relevant authority appointed by the Government of the Republic of Zambia for the purpose of assessing and verifying the declared local content. In the event that the domestic value addition of the product mentioned herein is found to be incorrect and does not meet the prescribed mandatory local content requirement, based on the assessment of the procuring entity or authority, action shall be taken against the company as provided in the Public Procurement Act, No. 8 of 2020.

The company agrees to maintain the following information in the company's record for a period of 5 years and shall make the information available for verification to any statutory authority:

- (a) the name and details of the company and manufacturing unit location;
- (b) the date on which the declaration is made and products for which the declaration is produced;
- (c) the procuring entity to whom the declaration is submitted;
- (d) the percentage of local content claimed;
- (e) the list and total cost of inputs which are domestically sourced; and
- (f) the list and cost of inputs which are imported, directly or indirectly.

I \_\_\_\_\_ for and on behalf of \_\_\_\_\_  
(Name of authorised signatory) (Name of Manufacturer)

on the \_\_\_ day of \_\_\_\_\_, 20\_\_ solemnly declare.

\_\_\_\_\_  
Full name and designation

\_\_\_\_\_  
Signature

**OFFICIAL  
STAMP**

*\*To be duly authorised by the Board of Directors*

**DR. S. MUSOKOTWANE,**  
*Minister of Finance and National Planning*

LUSAKA

25th June, 2025

[MF/EMD.101/14/1]

